
RECORD OF PROCEEDING

**SOUTHEASTERN COLORADO WATER
ACTIVITY ENTERPRISE**

MINUTES

November 10, 2011

The regular meeting of the Board of Directors of the Southeastern Colorado Water Activity Enterprise (SECWAE) was held on Thursday, November 10, 2011 at 9:37 a.m., at the District office, 31717 United Avenue, Pueblo, Colorado.

President Long announced a quorum was present.

DIRECTORS PRESENT:

Bill Long	Harold Miskel	Ann Nichols
Scott Reed	Kevin Karney	Howard "Bub" Miller
Carl McClure	Vera Ortegón	Reed Dils
Gibson Hazard	Tom Goodwin	David Simpson

Shawn Yoxey (arrived at 10:25)

DIRECTORS ABSENT AND EXCUSED:

Gary Bostrom, Greg Johnson, and Alan Hamel-Advisory Board Member

ENTERPRISE OFFICIALS PRESENT:

Executive Director James Broderick; General Counsel Lee Miller; Administrative Manager Toni Gonzales; Finance Coordinator Tina White; Conservation Outreach Coordinator Jean Van Pelt; Legal Counsel Steve Leonhardt; and Federal Lobbyist Ray Kogovsek.

VISITORS PRESENT:

Roy Vaughan, U.S. Bureau of Reclamation; Doris Morgan, U.S. Congressman Gardner's office; Bill Tyner, Colorado Division of Water Resources-Division 2; Jay Winner, Lower Arkansas Valley Water Conservancy District; Tom Simpson, Aurora Water; Paul Flack, Resource Based International; Curtis Mitchell, City of Fountain; Sean Chambers, Cherokee Metro District; Bill Stoner, Black & Veatch; Tony Keenan, Arkansas River Outfitters Association; and Ken Weber.

APPROVAL OF MINUTES:

President Long asked if the members of the Board had received their copy of the minutes of October 20, 2011 and whether there were any corrections or additions. Hearing none, Mrs. Ortegón moved, seconded by Mr. Dils, to approve the minutes. Motion unanimously carried.

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FINANCIAL REPORT:

Treasurer Ann Nichols reported the financial statement for October has not been prepared because of the early meeting date. They will be posted later this month to the Board website for review. Treasurer Nichols moved for payment of the November 2011 bills, seconded by Howard Miller, the motion unanimously carried.

CONSENT ITEMS:

None

ACTION ITEMS:

McDONALD WATER POLICY CONSULTING, LLC

Mr. Broderick reported the Southeastern Colorado Water Conservancy District (Southeastern District), Colorado River Water Conservation District, Colorado Water Conservation Board, Fountain Valley Authority, Board of Water Works of Pueblo, and Ruedi Water and Power Authority (collectively, the Convening Parties) desire to provide input to the Bureau of Reclamation (Reclamation) regarding decisions which Reclamation will be making with respect to the repayment of certain construction costs of Ruedi Reservoir, a feature of the Fryingpan-Arkansas Project (Project), and the allocations of miscellaneous revenues from the Project between 2012 and when those revenues are dedicated to the Arkansas Valley Conduit.

Accordingly, the Convening Parties have agreed to hold discussions among themselves and to convene a process associated with those discussions for providing their input to Reclamation. In turn, the Convening Parties have agreed to use the services of McDonald Consulting to assist them in giving direction to and managing this process on behalf of all of them.

The Convening Parties have further agreed that the Southeastern District will contract with McDonald Consulting for this purpose on behalf of all of them. The Convening Parties have agreed that for simplicity the Southeastern District, the Colorado Water Conservation Board, and the Colorado River Water Conservation District will assume equal responsibility for the cost of McDonald Consulting's services and reimbursable expenses, which will not exceed \$72,000.00. Those three parties may, at their discretion, seek contributions from others to assist in covering the payments to be made to McDonald Consulting pursuant to this Contract.

Mr. Hazard moved, seconded by Mr. Goodwin, to approve of the contract for consulting services between Southeastern Colorado Water Conservancy District and McDonald Water Policy Consulting, LLC. Motion unanimously carried.

PRESENTATIONS:

FEDERAL LEGISLATION

Mr. Broderick reported Ms. Arbogast was unable to attend the Board meeting. He reviewed the following written report Ms. Arbogast submitted:

The Federal lobbyists have been engaged in the process now underway to address the disbursement of excess capacity revenues Ruedi Reservoir issues. While unable to attend the November 9, 2011 meeting in Denver,

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Ms. Arbogast has reviewed the documents which have been distributed and plans to be involved in the discussions throughout the process, and to keep the delegation informed at appropriate times progress is made.

Next week, the Senate will take up the energy and water appropriations bill for FY '12, which will most likely be folded into a larger Continuing Resolution or omnibus bill. The bill is fully expected to include nearly \$3 million for the Arkansas Valley Conduit.

It was learned that Senators Barrasso of Wyoming and Heller of Nevada will offer an amendment which will essentially prohibit the Corps of Engineers from expending any funds to implement the pending Environmental Protection Agency (EPA) guidance on enforcement of the Clean Water Act. The Clean Water Act has been discussed in Congress for many years, but has not reached a successful compromise. EPA then undertook the development of administratively and seeks to implement its views and definitions, including a broader view of "waters of the United States".

Mr. Kogovsek and Ms. Arbogast have initiated discussions with both the Colorado Water Congress and the National Water Resources Association to ensure effective communication to the Senate and in our case, Senators Udall and Bennet, regarding the negative impacts of the EPA guidance on water management.

Ms. Arbogast will continue to communicate with the 50th anniversary team and will remain involved in the development of that activity throughout the coming year.

CONDUIT, EXCESS CAPACITY MASTER CONTRACT, AND NEPA UPDATE

Jean Van Pelt reviewed the following:

- Reclamation's Technical Service Center has delivered a draft Engineering Appraisal report to staff for review.
 - Staff has provided the report to our Engineering Consultants for review and comments.
 - Staff is also reviewing other appendices, as well as getting the third quarter invoices out to the participants.
- November 9, 2011 MWH delivered the Monthly Report for October and it has been posted on the District website for the Board to review.
- On November 3, 2011 a joint Board Arkansas Valley Conduit and Excess Capacity meeting was held, in which the Proposed 2012 Budget for the Excess Capacity Master Contract EIS was discussed.
- It was reported the estimated budget amount would be around \$111, 000.
- Since that meeting the District has received from Reclamation the actual 2012 costs for the Master Contract EIS.
 - a. Reclamation has estimated the costs to be \$121,580. Currently Reclamation expenditures on the EIS are \$728,237 out the \$800,000 that the participants paid in 2010 and 2011.

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- This leaves a remainder of \$71,763 which will be applied to 2012 EIS costs for the Master Contract.
- Reclamation has requested a payment of \$49,817 to cover the remainder of the 2012 EIS expenditures.
- Reclamation will notify the Enterprise what the 2013 expenditures for the EIS will be in the fourth quarter of 2012. Staff has estimated it be \$150,000.
- It has been included in the Proposed 2012 Budget, because it will be due the fourth quarter of 2012.

STAKEHOLDER'S COOPERATIVE MANAGEMENT ANALYSIS FOR THE UPPER ARKANSAS RIVER BASIN

Paul Flack from Resource Based International presented a PowerPoint titled, *Stakeholder's Cooperative Management Analysis for the Upper Arkansas River Basin*. He reviewed the following:

- Analysis Overview
 - Twelve month study
 - Coordination with ArkDSS
 - Three Parts of the Study
- Stakeholder Selected Topics
 - Upper Basin Categorized into Three "Catchments" (Upper, Middle, and Lower)
- Conclusions
 - Upper Catchment-Turquoise Reservoir
 - Middle Catchment
 - Recreational In-Channel Diversion
 - Water Operation Impacts on the Flow Program
 - Lower Catchment
 - Pueblo Reservoir Operational Study Results
- Other Conclusions
 - Data Development for "HydroBase"=Big Task
 - Runoff Forecasting=Necessity for Coordination
 - Development of Additional Upper Basin Storage
 - Development of Stakeholder Framework

INFORMATIONAL ITEMS:

The Board members were provided written reports on the following, which were posted to the Board website:

- Arkansas Valley Conduit NEPA Update
- Excess Capacity Master Contract Update

OTHER BUSINESS

President Long announced that as of November 1, 2011 Lee Miller has joined the District staff as General Counsel for the District.

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President Long recessed the meeting at 10:41 a.m., and reconvened at 11:15 for the Public Hearing on the Proposed 2012 Budget

President Long asked if there were any other matters to come before the meeting, and hearing none, adjourned the meeting at 12:19 a.m.

Respectfully submitted,

Toni Gonzales
Administrative Manager

Secretary
